

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 020837
ORIGIN STR-06

INFO OCT-02 EUR-12 IO-13 ISO-00 AGRE-00 COME-00 INT-05
LAB-04 TRSE-00 EB-08 STRE-00 CEA-01 CIAE-00
DODE-00 FRB-03 H-01 INR-07 L-03 NSAE-00 NSC-05
PA-01 CTME-00 AID-05 SS-15 ITC-01 USIA-06 PRS-01
SP-02 SOE-02 OMB-01 DOE-11 /114 R

DRAFTED BY STR:J.T.STEWART:CJF
APPROVED BY STR: R.L.MATTHEISEN
AGRICULTURE: R.SCHROETER/J.BENSON
COMMERCE: L.MURPHY/D.GARDNER
INTERIOR: H.ANDERSEN
LABOR: D.PARKER/D.WANAMAKER
TREASURY: W.BARREDA/E.BARBER
STATE:EB/GCP: J.SLATTERY
STATE: EUR/WE: K.SMITH
STATE: EB/OMA:C.ERWIN

-----018055 260243Z /75

P 260058Z JAN 78
FM SECSTATE WASHDC
TO USMISSION GENEVA PRIORITY
INFO AMEMBASSY LISBON PRIORITY

LIMITED OFFICIAL USE STATE 020837

E.O. 11652: N/A

TAGS: ETRD, GATT, PO

SUBJECT: GATT: BALANCE-OF-PAYMENTS CONSULTATIONS WITH
PORTUGAL

REFERENCE: STATE 018328

1. THE TRADE POLICY STAFF COMMITTEE HAS APPROVED DRAFT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 020837

DOCUMENT 78-7 (REFTEL) WITH THE FOLLOWING AMENDMENTS:

2. CHANGE PARAGRAPH 4, RECOMMENDATION (2) TO READ: STATE
THAT THE UNITED STATES SUPPORTS THE PORTUGUESE GOVERNMENT'S
DECISION TO UNDERTAKE FUNDAMENTAL AND EFFECTIVE MEASURES,
SUCH AS THE 1977 DEVALUATION, TO IMPROVE THE EXTERNAL
BALANCE, AND ITS DECISION TO TERMINATE THE IMPORT DEPOSIT

SCHEME ON JANUARY 1, 1978.

3. CHANGE PARAGRAPH 7, SENTENCE 6 TO READ: THE GOVERNMENT WAS ABLE TO TEMPORARILY SUPPRESS THE EFFECTS OF INFLATIONARY MONETARY AND FISCAL POLICIES BY PRICE CONTROLS AND A FIXED EXCHANGE RATE.

4. ADD AT THE END OF PARAGRAPH 7: A SUCCESSFUL INCOMES POLICY WHICH HELD WAGE INCREASES IN 1977 TO BETWEEN 12 AND 15 PERCENT MEANT THAT REAL INCOMES LAST YEAR DROPPED ABOUT 9 PERCENT FOLLOWING AN ESTIMATED 4 PERCENT DECREASE IN 1976.

5. CHANGE PARAGRAPH 8, SENTENCE 2 TO READ: THE TRADE-WEIGHTED EXCHANGE RATE FELL 20 PERCENT BETWEEN MARCH 1973 AND FEBRUARY 1977. IN PARAGRAPH 8, SENTENCE 3, CHANGE DATE FROM 1976 TO 1977.

6. CHANGE PARAGRAPH 10, SENTENCE 3 TO READ: INTEREST CHARGES ALONE ON THIS DEBT AMOUNTED TO 150 MILLION DOLLARS IN 1977 OR ABOUT 8 PERCENT OF 1976 EXPORTS.

7. CHANGE PARAGRAPH 11, SENTENCE 1 TO READ: LISBON IN THE PAST HAS MAINTAINED THAT LARGE DEVALUATIONS AND AUSTERITY MEASURES WOULD NOT IMPROVE THE TRADE BALANCE SUFFICIENTLY TO BE WORTH THE COST IN INFLATION AND DOMESTIC OPPOSITION AND THAT ITS EXPORTS ALREADY WERE COMPETITIVE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 020837

8. CHANGE PARAGRAPH 12, SENTENCE 2 TO READ: THE FEBRUARY AND AUGUST 1977 EXCHANGE RATE ACTIONS HAVE ALREADY BEEN MENTIONED.

9. IN PARAGRAPH 12, SENTENCE 4, DELETE THE PHRASE "UNDER IMF PRODDING".

10. IN PARAGRAPH 15, SENTNCE 3, ADD "FIRST CREDIT TRANCHE" BEFORE "STAND-BY ARRANGEMENT". VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE020837
Document Source: CORE
Document Unique ID: 00
Drafter: J.T.STEWART:CJF
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780038-0436
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780119/aaaaappe.tel
Line Count: 103
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ff3609e0-c288-dd11-92da-001cc4696bcc
Office: ORIGIN STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 18328
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3707823
Secure: OPEN
Status: NATIVE
Subject: GATT: BALANCE-OF-PAYMENTS CONSULTATIONS WITH PORTUGAL
TAGS: ETRD, PO, GATT
To: GENEVA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ff3609e0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014